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December 22, 2005

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

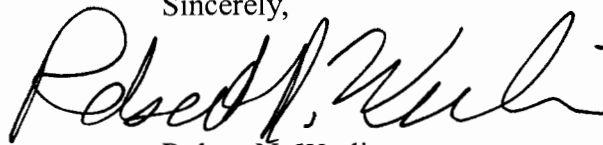
Re: D.T.E. 05-88, Boston Edison Company – Reply to Comments

Dear Secretary Cottrell:

Enclosed for filing is the response of Boston Edison Company, d/b/a NSTAR Electric to the comments filed in the above-referenced proceeding..

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert N. Werlin". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Robert N. Werlin

Enclosures

cc: Service List

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Boston Edison Company)
_____))
_____)

D.T.E. 05-88

NSTAR ELECTRIC RESPONSE TO COMMENTS

On December 2, 2005, Boston Edison Company (“NSTAR Electric” or the “Company”), submitted to the Department of Telecommunications and Energy (the “Department”) its 2005 reconciliation filing, including new rates for effect on January 1, 2006.¹ On December 16, 2005, Constellation NewEnergy, Inc. and Constellation Energy Commodities Group, Inc. (collectively, “Constellation”) filed comments on the filing. The Company hereby responds to the comments.

Constellation’s comments are limited to the manner in which the reconciliation of costs incurred in providing Default (Basic) Service are collected from customers. Constellation argues that the Company should not collect its under-recovered costs from all customers, as required by the Company’s Default Service Adjustment tariff (M.D.T.E 104D), but rather should recover those costs through its rates for Basic Service (Constellation Comments at 1-2). Constellation claims that the Company’s “proposal” should be rejected as inconsistent with the development of a competitive market and in violation of principles of “cost causation and equity” (*id.* at 2-3). Constellation’s

¹ On December 6, 2006, the Company filed in D.T.E. 05-85, a Settlement Agreement with the Attorney General, Associated Industries of Massachusetts and the Low-Income Energy Affordability Network, which, *inter alia*, would reduce the requested level of the transition charge filed in this proceeding.

comments must be rejected by the Department for both procedural and substantive reasons.

First, it should be noted that the Default Service Adjustment filing in this case is not a new proposal, but merely implements tariff provisions that have been in place since industry restructuring.² In fact, and as acknowledged by Constellation, this issue was the subject of a fully litigated generic proceeding in which a working group of industry stakeholders considered various matters relating to providing default service. In D.T.E. 99-60-C, the Department considered and rejected Constellation's position here and found:

The default service reconciliation is part of the cost of providing default service. That cost ideally should be recovered from or refunded to the customers that cause the cost. However, default service is intended to act as a safety net for all customers even if they do not currently receive generation supply from a default service provider. Further, the number of customers on default service at one time may constantly change. Who, then, causes these costs to be incurred? Cost causation may be ascribed both to customers actually partaking of default service and, to some extent, the mass of customers who are eligible to do so (even if, in fact, they do not so partake) and on whose behalf an electric company secures the insurance fallback of default service eligibility. Consequently, collecting or refunding the default service reconciliation costs from or to default service customers may not collect or refund the costs from the actual customers that caused the cost, and may result in large swings in the default service price since the load may vary significantly from one month to the next month. Therefore, it is not practical to collect or refund the default service reconciliation costs from or to only actual default service customers.

Default service does act as insurance for all customers who enter the competitive market; and it does assure all customers who move to a new service territory that they will be provided service. Accordingly, this obligation benefits all customers, and therefore, the over- or under-recovery should be spread among all customers. Consistent with the

² Of course, like other reconciliation mechanisms, the actual amount of the adjustment, if any, is calculated individually each year. Constellation does not challenge either the amount to be recovered or the calculation of the adjustment.

language of the companies' default service adjustment tariffs, it is appropriate to reconcile these costs annually.

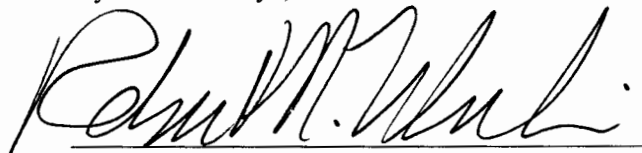
D.T.E. 99-60-C at 13 (2000).

The Company's Default Service Adjustment in this reconciliation filing is in compliance with its tariff and long-standing Department requirements. Constellation has repeated arguments that were considered and rejected by the Department in D.T.E. 99-60-C. Moreover, it would be inappropriate for the Department to consider reversing its findings in that contested case in reviewing this compliance tariff and without providing the opportunity for input from the stakeholders who participated in the previous proceeding. Accordingly, the Department should reject Constellation's untimely challenge to established Department precedent and approve the Default Service Adjustment tariff, as filed.

Respectfully submitted,

BOSTON EDISON COMPANY

By Its Attorneys,

A handwritten signature in black ink, appearing to read "Robert N. Werlin", is written over a horizontal line.

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Date: December 22, 2005